

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Issues Summer 2007 Statistics of Income Bulletin

IR-2007-153, Aug. 31, 2007

WASHINGTON — The Internal Revenue Service today announced the release of the summer 2007 issue of the Statistics of Income Bulletin, featuring data from 21.5 million individual income tax returns that reported non-farm sole proprietorship activity in tax year 2005.

Profits from all non-farm sole proprietorships totaled \$269.9 billion in 2005, up 9 percent from tax year 2004. After adjusting for inflation, profits rose by 5.5 percent in 2005, which is the biggest year-to-year increase since a 7.2 percent gain in 1998.

All but one sole proprietor industrial sector saw an increase in profits in tax year 2005.

The real estate and rental leasing sector posted a 19.4 percent gain in profits, which was the biggest in percentage terms among the sector categories. Transportation and warehousing was second highest with a 15.5 percent profit gain. Retail trade was third with a 14.6 percent increase. (The sector-specific figures have not been adjusted for inflation.)

Wholesale trade (merchant wholesalers) was the only sole proprietor industrial sector to post a profit decline in tax year 2005 of 3.5 percent.

The Bulletin also includes articles about:

- Foreign-controlled domestic corporations (FCDCs): These companies are relatively few in number but their economic impact is big. For example, FCDCs were just 1 percent of all U.S. corporations in tax year 2004 but accounted for 13.5 percent of all U.S. corporate receipts that year, totaling \$3.1 trillion. FCDCs had a U.S. tax liability of \$29.9 billion in 2004.
- Federal excise taxes: Federal excise tax receipts totaled \$76.1 billion in fiscal year 2006. This represented a 1.2 percent increase from the prior year and a 35.9 percent gain from 1996. Excise taxes, levied on the manufacture, sale or consumption of certain goods or services, accounted for 3 percent of total receipts for the U.S. government in fiscal year 2006.
- Estate tax returns: The total number of estate tax returns filed fell by 58 percent to about 45,000 in 2005 from about 108,000 in 2001. The total amount of assets represented by these returns also fell but by far less. Total gross estate (assets) on these returns fell by 14 percent to \$185 billion in 2005 from \$216 billion in

2001. Meanwhile, net estate taxes reported on these returns declined by even less, only 8 percent.

The Bulletin also includes articles on the history of estate taxes, as well as the evolution of the foreign tax credit and controlled foreign corporations in the face of ever-more complex international corporate structures.

For historical data on income, deductions and various forms of reported taxes, visit the IRS Web site, www.irs.gov, and click on "Tax Stats." From the Tax Stats page, select "SOI Bulletins" under "Products, Publications, & Papers" and click on "Historical Tables and Appendix." These pages also include data on tax collections and refunds.

The Statistics of Income Bulletin is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$53 (\$74.20 overseas), single issues cost \$39 (\$48.75 overseas).

For more information about this data, write the Director, Statistics of Income (SOI) Division, RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; or call SOI's Statistical Information Services at (202) 874-0410; or fax to (202) 874-0964.

To access an electronic version of the summer 2007 issue of the Bulletin, from the "SOI Bulletins" page described above, select "Summer 2007."